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## Sign Up

SIGN-UP!

*"Ideas are like rabbits. You get a couple and learn how to handle them, and pretty soon you have a dozen."*  
*John Steinbeck (1902 - 1968)*

### TIP OF THE MONTH

***Don't forget that EEO-1 filings are due at the end of the month!***



### EEO/Affirmative Action: Everything Old is New Again

By [Mary Podolak](#)  
[Cornerstone Human Resources, Inc.](#)

After years (in some cases decades) without major revisions, 2006 has brought changes to the familiar definitions and forms that are central to EEO and

Affirmative Action efforts. HR will have to adjust to new changes in

- how we track races
- the categories for job classification
- definitions of who counts as an applicant for recordkeeping and analysis purposes, and
- how to analyze whether your company shows evidence of discriminatory compensation practices.

### Race and Job Classification Changes

The EEO-1 is the most basic of EEO reports. Due annually in September, it is the census of a company's staff, divided by gender and race within job categories. It hasn't had a major change in 40 years... until now. Beginning next year, companies are encouraged to have employees self-identify regarding race and ethnicity. This will replace the current visual identification.

Employees will be asked to identify themselves first by ethnicity (Latino or non-Latino) and then by race. Race groups have been realigned. Native Hawaiian and other Pacific Islanders will be separated from Asians. A new group has been created for people of two or more races. Special requirements will apply to operations in Hawaii.

In addition to realigning race and ethnic groups, job classifications will change.

- The familiar Officials and Managers category will be divided into the narrowly defined Executives and Senior Level Officials group and the First/Mid Level Officials and Managers group to allow monitoring of minorities and women in the highest ranks of a company.
- Non-managerial business and financial occupations will be moved from Officials and Managers to the Professionals group.

#### **Definition of Applicants**

The OFCCP has recognized the exploding numbers of applicants due to the use of Internet job boards and web sites with a revised definition of applicants for recordkeeping and analysis, effective February 6, 2006. (The EEOC has proposed a similar definition.) According to the new rule, if an employer does not accept applicants through the Internet or related electronic technologies, the old definition still applies. If an employer accepts electronic applicants, the new definition applies to all of its applicants. The change also outlines recordkeeping requirements, especially for applicant databases.

The new definition includes individuals who meet all of the following criteria:

- The individual submits an expression of interest in employment through the Internet or related electronic technologies
- The contractor considers the individual for a particular position or positions
- The expression of interest indicates that the individual has the basic objective qualifications for the position available, and
- The individual does not remove himself from consideration before an offer is made.

Since employers can establish standard procedures for applications, many companies are revisiting their applicant flow handling. The new definition also has implications for job descriptions.

#### **Compensation Discrimination Standards**

On June 16, new standards for compliance reviews regarding systemic compensation discrimination were announced, effective that same day. The new standards don't impose any new requirements. Contractors were already required to analyze their compensation practices at least annually. Instead, the new standards describe how the OFCCP will analyze compensation discrimination in their compliance reviews.

The new standards reshape the concept of which employees are considered "similarly situated" for purposes of compensation analysis. Instead of salary grades, employees will be considered "similarly situated" only if they actually perform similar work, use similar skills and qualifications, and have similar levels of responsibilities.

The OFCCP has also provided an incentive to adopt their methods in Voluntary Guidelines. If a contractor has a compliance review and its self-evaluation of compensation reasonably meets the general standards outlined in the Voluntary Guidelines, the OFCCP will consider its compensation practices to be in compliance.

So if you haven't already started, it's time to dust off those old procedures and make some changes...

For a list of suggested steps to address these changes, email Mary Podolak at Cornerstone Human Resources, Inc.



## The Importance and Cost of People

By [Tom Hollmann](#)  
[Mainsail Associates, Inc.](#)

Today, technological and/or product-feature advantages tend to be short lived. It is innovative and achievement oriented people that keep a business competitive.

### The competitive need

Organizations face a variety of competitive forces that speak to the importance of hiring the right people—not just people with specific skills.

- Rising performance standards and expectations require an organization to hire people who can learn, grow and keep pace with these demands. Employees who cannot keep up soon become marginal contributors.
- The dynamic nature of most industries requires finding employees who can adapt to change and managers who can drive change. Protecting the status quo makes an enterprise vulnerable to fast moving competition.
- Changing job configurations require employees who will be able to do tomorrow's work, not just meet today's expectations. Few jobs of any importance remain static for very long.
  - Flatter, de-layered organizations require employees who can use good judgment and make sound decisions. When competition requires timely actions, all decision-making cannot flow to the top of the organization.
- The focus on teamwork and cross-functionality requires employees who can work with and through others. □

### Aim for the best

Focusing on hiring outstanding people can keep you trim. It has been estimated that 10 truly "Outstanding" employees can do the work of 12 "Excellent" employees or 15 "Fully Satisfactory" employees. You may pay a premium for this caliber hire, but the productivity payoff will still work in your favor.

You can also assign hard dollar costs to any hire. The potential investment in a professional or managerial employee can be estimated by multiplying the average salary and benefits costs for exempt employees in an organization by the average tenure of those employees. Then add recruiting and relocation costs.

Many organizations find that this figure exceeds \$1,000,000.

### Avoid mediocrity

That \$1,000,000 is peanuts compared to what an inadequate hire can cost a business. Consider, for example, the costs attributable to poor decisions, late decisions or indecision on the part of employees. These costs represent the real bottom line of inadequate selection standards and staffing practices. Add to this the time spent dealing with sub-standard performers, the impact they have on the morale and productivity of others, and the costs of removal, severance and re-hiring and you get a good feel for what we term the multiplicative cost of incompetence.

### Invest in the process

A \$1,000,000 capital expenditure generally requires meetings, comparative shopping, approvals and investments of managerial time. Hiring decisions of similar potential costs seldom get a fraction of that attention. While we do not advocate a bureaucratic approval process for hiring decisions, we do recommend a greater investment of time, particularly in the following elements of the hiring process:

- Clearly define the position specs, avoiding generalizations and non-specific competencies (e.g., 'good communications skills') in favor of contextually specific indicators (e.g., 'able to speak convincingly to a group of peers').
- Ensure that screeners have a thorough understanding of these specs and the levels of performance required by the successful candidate.
- Take the time to assign areas of investigation (e.g., recent work accomplishments, experience with specific tools, technologies or processes) to each member of the interviewing team.
- Meet with all interviewers to share information and to reach a consensus evaluation of each critical criterion element. The result should be a profile of strengths and development needs for each candidate. If you go straight to an overall rating you miss a lot of the nuances available to you in the information that has been gathered.

### Maintain your standards

Over the years clients have often asked whether the strategy of always aiming for outstanding hires won't lead to an

organization that is top heavy, with too many chiefs and not enough Indians. The answer has always been that personnel selection is not an exact science and that you will always make mistakes. If you aim for the very best your mistakes will usually turn out to be pretty good people. However, if you aim for "pretty good" you are unlikely to make the mistake of hiring someone better; your mistakes will be mediocre hires, less likely to make it up the learning curve.

Pretty good people doing a pretty good job won't provide a competitive edge! A rigorous Assessment Interview within the context of a disciplined staffing process can lead to well-balanced decisions and a talent pool from which the next generation of leadership can emerge.

For a free, no obligation copy of the Mainsail Staffing Checklist, e-mail a request to [tom@mainsailassociates.com](mailto:tom@mainsailassociates.com).



## Corporate Socialism - Designing Your Employee Compensation Plan

By [Don McDermott](#)  
[DG McDermott Associates, LLC](#)

As executive compensation increasingly becomes fodder for the press and worrisome to stockholders and the Securities and Exchange Commission, it's tempting for employers to jump on the bandwagon and consider a more equitable approach to paying their employees. However, does a "one-size-fits-all" method of compensation, using traditional pay and performance management systems, guarantee optimum performance and an effective return on an employer's

investment?

Look at these two approaches!

### Corporate Socialism

Consider the company that has tailored a compensation program that verges on a form of corporate socialism, encouraging pay equity rather than performance-based rewards. This uniform approach considers the group and not the individual, often causing:

- Salaries to shift to midpoint range.
- Employees to feel average.
- Top performers to become de-motivated.

While this structure provides equal pay opportunities, the performance bar is set low and there is no motivation for employees to raise it. Salary ranges may not provide room to sufficiently recognize those individuals that do make significant contributions to the company. Ultimately, top performers may move on, seeking more interesting work and appreciation from their employers for their achievements as well as greater total rewards.

An organization that has traditional pay - for - performance management systems in place may buy into the notion that merit type systems will motivate employees, but it is ultimately paying the price of the "performance myth". At best, this company will achieve internal equity but won't see true financial growth because:

- There are no clearly defined goals and performance standards.
- There is a lack of objectivity when performance appraisals are not tied to performance standards.
- There is no link made between employee contributions and company success.

In summary, while encouraging equity within organizations, corporate socialism throws a blanket of uniformity over employees and makes it difficult for top employees to rise above the rest.

### Customized Compensation

As an alternative, in today's work environment, employers are increasingly customizing compensation programs to attract and retain top performers. While base-pay increases – from executives to hourly staff – are expected to stay constant in 2006 - 2007, variable pay practices are on the rise, allowing employers to target specific groups more effectively, according to a recent survey by Mercer Human Resource Consulting.

Customized approaches have replaced the "one-size-fits-all" method and employ multiple plans, rather than a single plan, for different employee groups. Effective compensation programs utilize a variety of employee incentives and rewards that recognize achievement and contribution towards the company's success. These programs can include:

- Base salary
- Commissions
- Incentive pay
- Regular bonuses
- Profit sharing
- Equity awards.

Research by Quantisoft shows that top performers within a company contribute an average of 12 times more than their lower performing counterparts. In some cases this causes the more effective employees to spend much of their time fixing problems caused by the less effective employee. Employers who implement more customized approaches to compensation programs can reward those high performers without significantly increasing payroll costs by minimizing automatic salary increases. Companies adopting best practices typically pay their top performers more and reserve a smaller portion of their budgets for lower-performing workers.

Although the New York Times recently reported that the typical top executive at a major company earned 170 times the average worker's pay in 2004, variable pay incentives are starting to filter down to all levels of an organization. Incentive programs were once reserved for high-demand specialists, but according to the Mercer survey, they are increasingly used to attract and retain staff in accounting and finance, human resources, sales and marketing, and engineering.

Over 75% of companies today have expanded variable compensation plans for management and non-management employees. For middle- and lower-level employees, this effectively links incentives to corporate and individual results. The net result is the use of incentives provides more opportunity to:

- Share the wealth.
- Help manage fixed pay costs.
- Manage fixed costs and minimize entitlement
- Vary payroll growth to true financial growth.

By establishing and clearly communicating performance goals, an employer can use a balanced scorecard measurement process to link company, group, and individual goals. This develops a clear line-of-sight between the employee's responsibilities and their impact on the organization's success.

### **Measure twice, cut once**

The key to effectively customizing compensation programs is to target what employees value – whether they desire pay incentives, flexible work hours or matching 401k investments. This is done by setting up an open and clear line of communication with employees regarding expectations and goals for both themselves and the company.

The one-size-fits-all approach to employee compensation can be tailored to suit certain organizations but generally no longer measures up as an effective model for company growth. By stitching all of the customized elements of employee incentives and rewards together, companies can design a compensation program that reinforces employee contribution to the company success and provides feedback to the employee of the company's commitment to pay-for-performance.



## Practicing Good Customer Service in the Human Resources Department

by [Andy Borkin](#)  
[Strategic Advancement, Inc.](#)

Too often the Human Resources Department is viewed as a department that is not employee friendly or management oriented. Employees view the department as part of management or having a laissez-faire attitude. Management views the department as not part of the management team and a drain on the bottom line.

**Read on ...**

The Human Resources Department is the only department in a company that has to walk this fine line. Practicing professional customer service with all your employees will create a better working environment, since it will show the employee population that the department is proactive and management will appreciate the perceived value.

In the Human Resources Department there are a number of different products such as benefits and communications. How well the department delivers these products is essential to being viewed in a positive light. It is important to remember that the quality of the delivery is the exceptional customer service.

Service, in the context of the application here, is simply defined as: work done for others as an occupation and or a business.

While there are many areas of customer service that can be discussed in this article, we will deal with two: Defining the Customer's Needs, and Handling Unpleasant Situations.

### Defining the Customer's Needs

Satisfying the needs of employees is critical to success. But every employee is a unique individual and, therefore, the needs of one employee might not be the needs of another, at least not in the same priority. How then, can we possibly hope to satisfy all of our employee needs? First we find out what those needs are, and then we proceed to effectively respond to each employee's expectations:

1. When answering an employee call, immediately seek to determine the needs of that employee and respond to them.
2. Convey the impression to each employee that he or she has your complete and undivided attention.
3. Listen carefully to everything the employee says, taking notes and checking your understanding of every request.
4. Garner all the facts that you will need to respond quickly and efficiently to the employee's request.
5. Ask any questions that will help clarify the employee's requests.
6. Respond quickly, but without sacrificing accuracy.
7. When the transaction is completed, thank the employee, and indicate your desire to work with them in the future.
8. Be courteous – no matter how painful! If the employee is surly or otherwise unpleasant, always retain a professional attitude, never responding in kind.

Put yourself in the place of an employee/customer, and offer the type of service you would expect to receive if you were in his or her position. Always practice the Golden Rule of Customer Service:

Do unto the customer, as you would have the customer do unto you.

### Handling Unpleasant Situations

A normal part of any customer service function is dealing with upset and angry employees. It is often very difficult to maintain one's composure when dealing with an unpleasant situation where anger and frustration give way to rude behavior. Following are some techniques to assist you in dealing with situations such as these:

1. When responding to an angry employee on the phone, always identify yourself and then ask for the caller name. Respond by saying, "Hello, Mr. /Mrs. Smith, how can I help you?"
2. An angry or upset individual usually needs to talk. Let them do this, as long as they don't become vulgar or profane. Give them your attention, don't become vulgar or profane and don't interrupt. Eventually he or she will calm down, and then rational communications can proceed.
3. Never provoke or interrupt an angry employee. This will only escalate the situation.
4. When it seems appropriate, review your understanding of the problem to make sure you have all the facts straight. This communicates to the employee that you were really listening and are concerned with solving the problem.
5. Once you have summarized your understanding of the situation and ask for a reasonable amount of time to research the problem and create a resolution. In addition, suggest a time to call back and determine whether that is satisfactory to the employee.
6. After establishing a callback time, make sure you respond within that time with the solution.

When handling unpleasant situations and defining customer needs, if you follow the steps outlined, you should start to see improvements. People like to talk and if their experience is a positive one, then you will reap the benefits as a pleasant "go to" person who can get the job done. The value is Priceless! For further information about customer service training,

contact [aborkin@sai-hr.com](mailto:aborkin@sai-hr.com).



## Why Long Term Care May Be A Problem For Your Business

Submitted by [Puma Lauria Planning Services, LLC](#)

Today, more than 22 million households in the U.S. help a family member or friend over age 50 with activities of daily living that fall under the category of long-term care.(1)

- **By the end of the decade**, the total number of working caregivers is expected to be between 11 and 15.6 million Americans(2) — that's roughly one in every ten workers.

- **Over the next two decades**, 70 million baby boomers<sup>1</sup> are expected to retire and reach the age when the need for long-term care is greatest.
- **Right now**, they're looking for ways to help protect their retirement income from the costs of long-term care.

You can give them the means to do this and help refocus their energies on your bottom line simply by offering long-term care insurance.

### A look at today's working caregivers

In one important study done by the MetLife Mature Market Institute,<sup>2</sup> those surveyed said they made at least one formal adjustment to their work schedule as a result of caring for a partner or other family member:

- 16% quit their job
- 20% cut back to part-time
- 22% took a leave of absence

They also stated that caregiving affected their ability to advance on the job:

- 29% passed up a promotion, training or assignment
- 25% passed up an opportunity for job transfer/relocation
- 22% were unable to acquire new job skills

What do these numbers mean for you? Chances are, one or more of your employees is facing long-term care issues right now. They're acutely aware of what long-term care costs can do to lifetime savings and looking for a way to help protect their own futures.

### Facing your employees' concerns

A survey<sup>4</sup> of attitudes about long-term care reports...

- 86% of those surveyed think providing long-term care is a big problem
- 82% think it is irresponsible not to plan for one's own long-term care needs
- 76% say the cost of long-term care would significantly reduce their retirement income and assets
- 67% believe the cost of long-term care is the greatest risk to their standard of living during retirement.

- only 12% have made financial preparations for their long-term care needs.

### How you can help

The costs associated with long-term care may put everyone in your organization at risk one day. You can help lessen the risk right now by educating employees and encouraging them to plan ahead. Making the affordable protection of Long-Term Care Insurance available to them is a big step in the right direction.

E-mail Us

1. The American Council of Life Insurers, "Insurance Facts," 1998.
2. MetLife Mature Market Institute, "MetLife Juggling Act Study: Balancing caregiving with work and the costs involved," 1999.
3. Conning & Company, "Long-Term Care Insurance, Baby Boom or Bust?" 1999.
4. CNN Custom News, "Long-Term Care Generation Gap Sacrifice to Care for Parents Despite Elder's Wishes," 3/23/99.